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IN THE UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

AT PORTLAND

**ZWEIBRÜDER OPTOELECTRONICS
GMBH & CO. KG**, a German limited liability
company,

PLAINTIFF,

v.

COAST CUTLERY CO., an Oregon
corporation,

DEFENDANT.

Case No. 11-CV-557-HU

FIRST AMENDED COMPLAINT

**Declaratory Judgment as to Trademark
Ownership and Infringement (28 U.S.C.
§ 2201), False Advertising (28 U.S.C.
§ 1125), Common-Law Commercial
Disparagement, and False Designation of
Origin (28 U.S.C. § 1125),**

**By Zweibrüder Optoelectronics GmbH &
Co. KG**

DEMAND FOR JURY TRIAL

Plaintiff Zweibrüder Optoelectronics GmbH & Co. KG (“Zweibrüder”) alleges as follows:

JURISDICTION AND VENUE

1. This action arises under the Lanham Act, 15 U.S.C. § 1051, *et seq.*, the Declaratory Judgment Act, 28 U.S.C. § 2201, and the laws of the State of Oregon.

2. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1338(a), and 15 U.S.C. § 1121 because it arises under the Lanham Act, 15 U.S.C. §§ 1501, *et seq.* Jurisdiction over Oregon common-law claims is appropriate as these claims are so related to the claim under the Lanham Act that they form part of the same case and controversy, and hence fall within the scope of this Court's supplemental jurisdiction pursuant to 28 U.S.C. §§ 1338(b) and 1367.

3. Jurisdiction is also proper pursuant to 28 U.S.C. § 1332 because this action is between the citizen of a foreign state and a citizen of a State and the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

4. Venue is proper in the District of Oregon pursuant to 28 U.S.C. § 1391(b) and (c) because this cause of action arises from acts primarily occurring within Oregon, as well as the transaction of business in Oregon.

THE PARTIES

5. Zweibrüder is a German limited liability company with its principal place of business in Solingen, Germany.

6. Coast Cutlery Co. ("Coast") is an Oregon corporation, with its principal place of business in Portland, Oregon.

ZWEIBRÜDER TRADEMARKS

7. Zweibrüder is the manufacturer of LED Lenser products, the leading brand of light emitting diode ("LED") handheld lights. LED Lenser uses technologically advanced, high quality LEDs, as well as patented optical, electronic, and manufacturing systems to produce high light output and energy efficient lighting products. Zweibrüder distributes LED Lenser products internationally and its high quality light products are well-recognized worldwide.

8. In approximately 2005, Zweibrüder developed the design and technology for Advanced Focus System, which is a reflector lens focusing system used in LED Lenser handheld light products. Advanced Focus System's innovative technology enables a light beam to be adjusted between a focused and defocused position, allowing for optimal use in both short and long range distances. Zweibrüder's Advanced Focus System technology is patented in the United States, Europe, and China.

9. Since the development of Advanced Focus System, Zweibrüder has used the mark ADVANCED FOCUS SYSTEM as a trademark in connection with the marketing, distribution, and sale of LED Lenser products featuring its Advanced Focus System technology. Zweibrüder has used the name and mark ADVANCED FOCUS SYSTEM in international commerce since approximately 2005.

10. On March 31, 2007, Zweibrüder filed an application with the European Union's Office for Harmonization in the Internal Market (OHIM) for registration of the mark ADVANCED FOCUS SYSTEM. ADVANCED FOCUS SYSTEM was registered on January 4, 2008 as European Community Trademark No. 005670443.

11. Since approximately 2005, Zweibrüder has also used the mark TEST IT as a trademark in connection with the marketing, distribution, and sale of LED Lenser products. The TEST IT mark appears on the outside of LED Lenser's product package, and signals to consumers that they may test LED Lenser's light product prior to purchase by pushing a button that is accessible from outside the package. Zweibrüder has used the mark TEST IT in international commerce since approximately 2005, and Zweibrüder's TEST IT packaging is patented in the United States.

12. On March 4, 2005, Zweibrüder filed an application with the German Patent and Trademark Office (DPMA) for registration of the mark TEST IT. TEST IT was registered on August 3, 2005 as DPMA No. 30512291.

13. As the creator of the marks ADVANCED FOCUS SYSTEM and TEST IT, and as the manufacturer of LED Lenser products bearing these marks in international commerce, Zweibrüder is the true owner of the marks ADVANCED FOCUS SYSTEM and TEST IT.

14. As a result of Zweibrüder's marketing, sale, and international distribution of LED Lenser products bearing the marks ADVANCED FOCUS SYSTEM and TEST IT as well as its consistent and widespread use of those marks, the marks ADVANCED FOCUS SYSTEM and TEST IT have become firmly associated with LED Lenser products in the minds of consumers and have come to represent and embody the valuable goodwill associated with Zweibrüder's and LED Lenser's technologically advanced, high quality products.

COAST'S WRONGFUL ASSERTION OF OWNERSHIP OF ZWEIBRÜDER'S MARKS

15. On or about June 2, 2008 Zweibrüder and Coast entered into an Exclusive Distributor Contract, whereby Coast was appointed the exclusive distributor of all LED Lenser products in North and South America from June 1, 2008 to May 31, 2011. The Exclusive Distributor Contract did not grant Coast any ownership rights in Zweibrüder's trademarks, or otherwise authorize or permit Coast exclusive use of trademarks owned by Zweibrüder as the manufacturer of LED Lenser products.

16. Without Zweibrüder's knowledge or consent, on August 1, 2008, shortly after execution of the parties' Exclusive Distributor Contract, Coast filed an application with the United States Patent and Trademark Office (USPTO) to register the mark ADVANCE FOCUS SYSTEM for handheld lights. Although Coast applied to register ADVANCE FOCUS SYSTEM, the specimen it subsequently submitted to the USPTO showed the mark that it sought to register as ADVANCED FOCUS SYSTEM.

17. The USPTO issued U.S. Trademark Registration No. 3,709,971 for ADVANCE FOCUS SYSTEM (the "'971 Registration"), to Coast Cutlery Co. on November 10, 2009.

18. Zweibrüder discovered Coast's application to register ADVANCE FOCUS SYSTEM on or about October 29, 2009, shortly before the USPTO issued the '971 Registration,

and after the time for opposing Coast's application had expired. Zweibrüder immediately informed Coast that it was the true owner of the ADVANCED FOCUS SYSTEM mark and that Coast had no ownership rights in it. Zweibrüder demanded that Coast recognize Zweibrüder's ownership rights by promptly assigning the '971 Registration to Zweibrüder.

19. Over the course of the next year, Coast repeatedly represented to Zweibrüder that it would assign the '971 Registration to Zweibrüder as the true owner of the mark. To date, however, Coast has neither assigned the '971 Registration to Zweibrüder nor surrendered it to the USPTO for cancellation. To the contrary, Coast has informed Zweibrüder that it does not recognize Zweibrüder's ownership of the ADVANCED FOCUS SYSTEM mark.

20. Also without Zweibrüder's knowledge or consent, Coast on March 31, 2011 filed an application with the USPTO to register the mark TEST IT. Upon information and belief, the USPTO has not yet taken any action on this application.

21. Before Coast filed its application to register TEST IT, Zweibrüder informed Coast that Coast had no ownership rights in the mark, and that Coast would be prohibited from using the mark after termination of the Exclusive Distributor Contract.

22. Despite Zweibrüder's assertion of its ownership rights in TEST IT, Coast proceeded with the filing of its registration application.

23. The Exclusive Distributor Contract terminated on May 31, 2011, and Coast is no longer the exclusive distributor of Zweibrüder and LED Lenser products.

24. Coast has informed Zweibrüder that it believes that it has the right to continue to use the ADVANCED FOCUS SYSTEM and TEST IT marks after May 31, 2011, including on products not manufactured or sold by Zweibrüder, and that it intends to continue using the marks after that date.

25. An actual controversy therefore has arisen between Zweibrüder and Coast as to the parties' rights in the marks ADVANCED FOCUS SYSTEM and TEST IT.

COAST'S MISLEADING AND DISPARAGING STATEMENTS

26. On or about December 14, 2010, Coast published and disseminated to its business partners and customers several false or misleading statements regarding the nature, quality, and characteristics of its Coast brand products, which are not manufactured or sold by Zweibrüder or LED Lenser, including that:

- a. Coast will be upgrading all Coast brand handheld lights and headlamps with 30 to 60% more light output and 25% more beam distance than LED Lenser products;
- b. Coast brand focusing handheld lights will include a new focusing system that creates a 25% larger flood beam and 20% more beam distance than LED Lenser products;
- c. New Coast brand headlamps will have 30% more light output than LED Lenser products and a “much improved focusing and power system”;
- d. The majority of the “best-selling lights” that Coast purchased from LED Lenser and resold were designed by Coast, not Zweibrüder and LED Lenser; and
- e. Coast has designed “brighter and more advanced lights” than current LED Lenser High Performance models.

27. Coast's misrepresentations regarding its products were made to Coast's business partners and customers for the purpose of influencing consumers to purchase Coast's products as opposed to Zweibrüder or LED Lenser's similar products.

28. Coast's misrepresentations regarding its products were material to consumers, have the tendency to deceive a substantial segment of consumers, and are likely to injure Zweibrüder and LED Lenser, either by direct diversion of sales from Zweibrüder and LED Lenser to Coast, or by a lessening of valuable goodwill associated with Zweibrüder and LED Lenser's products.

29. On or about December 14, 2010, Coast also published and disseminated to its business partners and customers false, misleading, and disparaging statements regarding Zweibrüder and LED Lenser's products, service, and business practices, including that:

- a. Zweibrüder and LED Lenser could not meet Coast's demand for products;
- b. Zweibrüder and LED Lenser's "quality has suffered" since 2008;
- c. Zweibrüder and LED Lenser did not provide Coast with "enough flexibility" to develop products for distribution in the United States;
- d. Zweibrüder and LED Lenser were not responsible for the design and development of the majority of Coast's "best-selling" lights.

30. Coast's misrepresentations regarding the quality and characteristics of Zweibrüder and LED Lenser's products, service, and business practices were made to Coast's business partners and customers in order to cast doubt on the quality of Zweibrüder and LED Lenser's products, and to deter consumers from purchasing those products.

31. Coast's misrepresentations regarding the quality and characteristics of Zweibrüder and LED Lenser's products, service, and business practices are likely to deter consumers from purchasing Zweibrüder and LED Lenser products, resulting in a loss of reputation and valuable goodwill associated with their products, as well as a loss in profits.

COAST'S TRADEMARK INFRINGEMENT AND FALSE DESIGNATIONS OF ORIGIN

32. On information and belief, Coast has used and is using the marks ADVANCED FOCUS SYSTEM and/or TEST IT in connection with products not manufactured or sold by Zweibrüder.

33. Although as of June 1, 2011, Coast is no longer an authorized distributor of Zweibrüder products, it continues to sell Zweibrüder products packaged with marketing material that falsely states that Zweibrüder's LED LENSER brand lights are "distributed by COAST."

34. Coast continues to sell products packaged with marketing material that falsely states that "COAST . . . lights are designed and engineered by Zweibrüder Optoelectronics in

Soligen [*sic*], Germany using the latest techniques in Optoelectronic engineering.” On information and belief, as of June 1, 2011 this statement is false, as Coast has begun selling COAST lights that are **not** designed and engineered by Zweibrüder.

35. Coast is selling Zweibrüder products packaged with marketing material that makes false statements concerning Coast’s knives and tools. Specifically, the marketing material states “All COAST knives and tools use only the finest quality 440C specially treated cutlery steel from Seki, Japan.” This is false. Metallurgical testing of over sixty Coast knives did not find a single one that was made of 440C stainless steel.

36. By selling Zweibrüder products in connection with this marketing material that makes false statements concerning Coast’s knives and tools, Coast is likely to cause consumers to believe mistakenly that Zweibrüder approves of Coast’s false statements concerning its products, when in fact it does not, and such a mistaken belief is likely to damage Zweibrüder’s goodwill among consumers.

FIRST CLAIM FOR RELIEF

(Declaratory Judgment -- 28 U.S.C. § 2201)

37. Zweibrüder realleges and incorporates by reference the allegations contained in Paragraphs 1-25 above.

38. Zweibrüder asserts it is the true owner of the marks ADVANCED FOCUS SYSTEM and TEST IT, and that Coast does not have the right to use those marks on goods that were not manufactured and sold by Zweibrüder.

39. Coast asserts that it is the owner of the ADVANCED FOCUS SYSTEM and TEST IT marks, and states that it intends to continue to use them after the Exclusive Distributor Contract terminates, on goods that were not manufactured and sold by Zweibrüder.

40. There is a real, substantial, and justiciable issue in controversy between Zweibrüder and Coast regarding ownership rights in the marks ADVANCED FOCUS SYSTEM

and TEST IT, entitling Zweibrüder to a judgment declaring the respective rights of the parties pursuant to 28 U.S.C. § 2201.

41. Pursuant to 28 U.S.C. § 2201, Zweibrüder seeks a declaratory judgment that it is the true owner of the marks ADVANCED FOCUS SYSTEM and TEST IT and that use of those marks by Coast on goods that were not manufactured and sold by Zweibrüder will constitute infringement.

SECOND CLAIM FOR RELIEF

(False and/or Misleading Advertising – 15 U.S.C. § 1125(a))

42. Zweibrüder realleges and incorporates by reference the allegations contained in Paragraphs 1-6 and Paragraphs 26-31 above.

43. Coast's dissemination of false or misleading statements regarding the nature, characteristics, and qualities of Coast, Zweibrüder, and LED Lenser's products were made in commercial competition with Zweibrüder and LED Lenser for the purpose of influencing consumers to purchase Coast's products.

44. Coast's dissemination of false or misleading statements regarding the nature, characteristics, and qualities of Coast's products, as well as the nature, characteristics, and quality of Zweibrüder and LED Lenser's products, service, and business practices has deceived or is likely to deceive a substantial segment of consumers.

45. Coast's misrepresentations regarding the nature, characteristics, and qualities of Coast's products, as well as the nature, characteristics, and quality of Zweibrüder and LED Lenser's products, service, and business practices are material, and will improperly draw current and prospective consumers to Coast.

46. As a result of Coast's misrepresentations, Zweibrüder is likely to be injured, either by a direct diversion of sales from Zweibrüder to Coast, or by a lessening of goodwill associated with Zweibrüder's products, entitling Zweibrüder to damages in an amount to be determined at trial.

THIRD CLAIM FOR RELIEF

(Common-Law Commercial Disparagement)

47. Zweibrüder realleges and incorporates by reference the allegations contained in Paragraphs 1-6, 26-31, and 42-46 above.

48. Coast published false, misleading, and disparaging statements about Zweibrüder and LED Lenser's products, service, and business practices by disseminating the false, misleading, and disparaging statements to Coast business partners and customers.

49. Coast made such false, misleading, and disparaging statements regarding Zweibrüder and LED Lenser's products, service, and business practices with either knowledge that such statements were false, or with a reckless disregard of the truth or falsity of the statements.

50. Coast made false, misleading, and disparaging statements regarding Zweibrüder and LED Lenser's products, service, and business practices with intent to disparage the quality of Zweibrüder and LED Lenser's products, and to harm Zweibrüder and LED Lenser's business reputation and related goodwill.

51. As a result of Coast's false, misleading, and disparaging statements regarding Zweibrüder and LED Lenser's products, Zweibrüder is likely to suffer damages, including lost sales, lost business opportunities, and damage to Zweibrüder's reputation, entitling Zweibrüder to damages in an amount to be determined at trial.

FOURTH CLAIM FOR RELIEF

(False Designation of Origin – 15 U.S.C. § 1125(a))

52. Zweibrüder realleges and incorporates by reference the allegations contained in Paragraphs 1-6 and 32-36 above.

53. Coast's use of the marks ADVANCED FOCUS SYSTEM and/or TEST IT in connection with goods that were not manufactured and sold by Zweibrüder is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of

such Coast with Zweibrüder, or as to the origin, sponsorship, or approval of Coast's goods, by Zweibrüder

54. Coast's sale after June 1, 2011 of Zweibrüder products packaged with marketing material that falsely states that Zweibrüder's LED LENSER brand lights are "distributed by COAST" is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such Coast with Zweibrüder, or as to the origin, sponsorship, or approval of Coast's goods, by Zweibrüder.

55. Coast's sale of Zweibrüder products packaged with marketing material that makes false statements concerning the metal used in Coast knives and tools is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such Coast with Zweibrüder, or as to the origin, sponsorship, or approval of Coast's goods or commercial activities, by Zweibrüder.

56. As a result of Coast's use of the marks ADVANCED FOCUS SYSTEM and TEST IT in connection with goods that were not manufactured and sold by Zweibrüder, its false statements after June 1, 2011 that Zweibrüder's LED LENSER brand lights are "distributed by COAST," and its sale of Zweibrüder products packaged with marketing material that make false statements concerning the metal used in Coast knives and tools, Zweibrüder is likely to suffer damages, including lost sales, lost business opportunities, and damage to Zweibrüder's reputation, entitling Zweibrüder to damages in an amount to be determined at trial.

PRAYER

WHEREFORE, Zweibrüder prays that:

1. This Court find, adjudge, and decree that Zweibrüder is the true owner of the marks ADVANCED FOCUS SYSTEM and TEST IT.

2. Coast's federal trademark registration of the mark ADVANCE FOCUS SYSTEM (Reg. No. 3,709,971) be declared invalid and cancelled, pursuant to 15 U.S.C. § 1119.

3. Coast, its agents, servants, employees, attorneys, and all other persons in active concert or participation with Coast, be permanently enjoined and restrained from making false or misleading statements regarding the nature, characteristics, and qualities of Coast's products, or regarding the nature, characteristics, and quality of Zweibrüder and LED Lenser's products, service, and business practices.

4. Coast, its agents, servants, employees, attorneys, and all other persons in active concert or participation with Coast, be permanently enjoined and restrained from (a) using the ADVANCED FOCUS SYSTEM and TEST IT marks or any other name or mark that constitutes a colorable imitation of the ADVANCED FOCUS SYSTEM and TEST IT marks in connection with goods that are not manufactured or sold by Zweibrüder; (b) selling Zweibrüder products packaged with marketing material that states that Zweibrüder's LED LENSER brand lights are "distributed by COAST"; and (c) selling Zweibrüder products packaged with marketing material that makes false statements concerning the metal used in Coast knives and tools causing likelihood of confusion or injury to the business, reputation or goodwill or reputation of Zweibrüder.

5. Coast be required to pay Zweibrüder all damages suffered by Zweibrüder as a result of Coast's misrepresentations, false statements, and unfair competition, in an amount to be determined at trial.

6. Coast be required to pay Zweibrüder all damages suffered by Zweibrüder, and all profits earned by Coast, as a result of Coast's false advertising and commercial disparagement, in an amount to be determined at trial.

7. Coast be required to pay Zweibrüder reasonable attorneys' fees, expert witness fees and disbursements incurred herein, including costs.

8. Zweibrüder have such other and further relief as this Court deems just and equitable.

DATED this 20th day of June, 2011.

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